

Message Text

UNCLASSIFIED

PAGE 01 BUENOS 03434 110333Z
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-02 PRS-01 L-03 H-02 /099 W
-----120930Z 131037 /10

R 101857Z MAY 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 0417

UNCLAS BUENOS AIRES 3434

E.O. 11652: N/A
TAGS: EFIN, AR
SUBJECT: FURTHER LIBERALIZATION OF EXCHANGE CONTROLS

REF: BUENOS AIRES 3286

1. ON MAY 9, CENTRAL BANK ISSUED CIRCULAR 691 PERMITTING
FINANCIAL ENTITIES AUTHORIZED TO DEAL IN FOREIGN EXCHANGE TO
SELL UP TO \$1,000 IN FOREIGN EXCHANGE PER PERSON FOR ANY
PURPOSE DESIRED.

2. ACCORDING TO PRESS REPORTS, THE \$1,000 LIMITATION IS A
MERE FORMALITY BECAUSE FINANCIAL ENTITIES ONLY HAVE TO REPORT
THE TOTAL VOLUME OF SUCH OPERATIONS AND NOT THE NUMBER OF
PERSONS WHO OBTAINED FOREIGN EXCHANGE. MOREOVER, THERE IS NOTHING
PREVENTING A PERSON FROM GOING TO SEVERAL EXCHANGE HOUSES
AND REPEATEDLY BUYING \$1,000 FROM EACH ONE. AS A RESULT, THE
PARALLEL MARKET HAS BEEN VIRTUALLY ELIMINATED AND, TO THE
EXTENT IT CONTINUES TO EXIST (AS IT NO DOUBT DOES FOR LARGE
TRANSACTIONS), THE SPREAD BETWEEN THE FREE MARKET AND PARALLEL
RATES IS NOW VERY SMALL. INTERESTINGLY, THE EXCHANGE
RATE OFFERED BY THE EXCHANGE HOUSES WAS HIGHER ON MAY 9
THAN THAT QUOTED BY THE BANCO DE LA NACION: 357 BUY
362 SELL VERSUS 355 BUY 360 SELL.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BUENOS 03434 110333Z

3. COMMENT: THE CENTRAL BANK'S LATEST MOVE WAS CLEARLY
DESIGNED TO DEFLATE THE RECENT JUMP IN SPREAD BETWEEN
THE FREE MARKET AND PARALLEL RATES. WITH FOREIGN EXCHANGE
RESERVES AT A RECORD HIGH AND CONTINUING TO GROW AT A
PACE WHICH HAS THREATENED ACHIEVEMENT OF ITS INTERNAL
MONETARY GOALS, THE CENTRAL BANK CAN CLEARLY AFFORD TO

LIBERALIZE EXCHANGE CONTROLS.

HILL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, MARKETS, FOREIGN EXCHANGE CONTROLS, CURRENCY STABILITY
Control Number: n/a
Copy: SINGLE
Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUENOS03434
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770167-0492
Format: TEL
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770576/aaaacngz.tel
Line Count: 64
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9359c397-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BUENOS AIRES 3286
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2588212
Secure: OPEN
Status: NATIVE
Subject: FURTHER LIBERALIZATION OF EXCHANGE CONTROLS
TAGS: EFIN, AR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9359c397-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009